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Chief, Manufacturing Sectors, D/I

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Comments on Project 34.1928, "European Satellite Trade in Machinery and Transport Equipment, 1950-57"

1. In general I agree with your comments on subject project. The project contributes significantly to better understanding of the role of trade in machinery and transport equipment in the total trade of the European Satellites, despite the gaps in the data and the difficulties in comparable measurement.

2. I am not disturbed about overlap with the recent ECE report (Economic Survey of Europe, 1957). Although it is well done and timely, the ECE report is concerned with trade as a whole, and discusses the engineering industries in much less detail than does [redacted] project. As you suggest, the ECE data should be incorporated to the extent that it will improve [redacted] paper. Consideration should also be given to the following ECE interpretations:

a. That the retardation of investment in machinery and equipment during the New Course, precipitated a slump in the export trade of these products which lasted until the revival of Soviet purchases in 1957.

b. That East Germany believes it would be more economic to specialize in labor intensive engineering products due in part to the high cost of its steel.

3. The section on trade coordination is on the whole well conceived and a long step in the direction of a more analytical treatment than this problem has received to date, although some parts are too dependent on western economic theory for text treatment.

4. My specific comments are attached. Let us get together with [redacted] and plan to complete the revision as soon as possible. 25X1A9a

[redacted] 25X1A9a

Attachment